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U.S. DISTRICT COURT  
BY \_\_\_\_\_

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

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IN THE MATTER OF THE EXTRADITION ) Case No.: 2:14-mj-314-CWH  
OF MOHAMMAD SAFDAR GOHIR. )  
) COMPLAINT FOR PROVISIONAL  
) ARREST WITH A VIEW TOWARDS  
) EXTRADITION  
) (18 U.S.C. § 3184)  
)  
)  
)

I, the undersigned Assistant United States Attorney, being duly sworn, state on information and belief that the following is true and correct:

1. I represent the United States in fulfilling its treaty obligation to Germany;
2. There is an extradition treaty in force between the United States and Germany entitled the Extradition Treaty between the United States and Germany, which was signed on June 20, 1978, and which entered into force on August 29, 1980 (TIAS 9785).
3. The treaty provides in article 16 for the provisional arrest and detention of alleged fugitives pending the submission of a formal request for extradition and supporting documents;
4. In accordance with article 16 of the treaty, the Government of Germany has asked the United States for the provisional arrest of Mohammad Safdar Gohir with a view towards his extradition;

5. According to the information provided by the requesting state, Mohammad Safdar Gohir was charged with jointly-committed tax evasion in a particularly serious case, in violation of the Fiscal Code of Germany, Section 370, subsection 1 no. 1, subsection 3 no. 2 and 5, Sections 149 and 150, subsection 2, and 34, involving tax evasion; and in violation of Sections 25 subsection 2, and 53 of the German Criminal Code, for offenses committed within the jurisdiction of Germany; and a warrant for his arrest was issued on May 4, 2014, by the District Court of Frankfurt, at Frankfurt, Germany;

6. The warrant was issued on the basis of the following facts:

#### **Value Added Tax System**

Germany collects revenue from a Value Added Tax ("VAT"). Every time a business buys a good, it is charged an input tax, and every time it sells a good, it charges the customer an output tax. Businesses are supposed to pass the net VAT they collect (output tax minus the input tax) to the government. Exports of goods, however, are tax free, and exporters are able to reclaim any input tax charged by the buyer abroad from the government because there is no output tax on an export within the European Union.

Imported goods are "zero-rated" in the country of origin (there is no input or output tax). The importer (Company A) charges a subsequent domestic buyer (Company B) an output tax (which becomes the input tax to Company B). At this point, Company A should give the entire amount of output tax to the German revenue authority, because it paid no input tax when it imported the good. If Company B re-sells the good to another domestic company, (Company C), Company B charges Company C an output tax, and should give the German revenue authority the difference between the output tax it charges Company C and the input tax it paid to Company A. If Company C then exports the good, it can recover the input tax it paid to Company B from

1 the government. In short, output VATs should always be paid to the government, and companies  
2 can recover input VATs from the government.

### 3 **GOHIR**

4 Between approximately August 2009 until May 2010, Mohammad Safdar Gohir  
5 ("Gohir"), along with co-defendants Ashraf Muhammad and Mobeel Iqbal, was the leader of a  
6 gang formed for the purpose of establishing a VAT carousel fraud scheme by means of  
7 companies systematically connected in a series and apparently trading in CO2 emission  
8 allowances. Using these companies, Gohir and his co-defendants evaded turnover taxes totalling  
9 EUR 136,563,336, with the aim and purpose of creating a permanent source of income in the  
10 range of several millions. As such, Gohir and his co-defendants were responsible for the  
11 companies named "Vektor Energie GmbH" with registered office in Frankfurt, Main, and "Roter  
12 Stern GmbH" with registered office in Munich, "Tageslicht Umweltsysteme GmbH" with  
13 registered office in Frankfurt, Main and "Energie Intelligenz GmbH" with registered office in  
14 Berlin.

15 The persons charged with the offenses concerned are those behind the VAT chain fraud  
16 scheme, while Gohir was the head of the gang and Mohammad as well as Iqbal were his closest  
17 associates and confidants within the gang. Based on a joint criminal plan, they initiated the  
18 present VAT chain fraud scheme, by creating the fraud chains and steering the companies within  
19 this fraud chain as they wished.

20 In this connection, emission allowances were sometimes traded through VAT fraud  
21 chains extremely quickly with a view to evading taxes, while at the beginning of such a chain,  
22 the CO2 emission allowances were bought by natural persons or companies abroad via  
23 companies in Germany without any VAT amount required to be paid. Acting in accordance with  
24 a joint criminal plan pursued by the perpetrators cooperating in a chain of services, the

1 companies that imported the CO2 emission allowances to Germany and resold them to domestic  
2 companies (the so-called missing traders), failed to comply with their obligation and did not file  
3 advance turnover tax returns at all or filed incorrect turnover tax returns, but made out invoices  
4 with openly listed turnover tax to the domestic buyers of the allowances (the so-called buffers)  
5 who were meant to use the stated turnover tax when claiming input tax in case of checks by the  
6 fiscal authorities.

7 In particular, the companies named "7 Days Import & Export UG", "AK Weltweit  
8 Handel GmbH", "Bauelemente Hansa GmbH", "Bavaria Finanzvermittlungs AG", "Blue Pearl  
9 Trading GmbH", "DCS Diamond Communications Systems GmbH", "DGU  
10 Unternehmensberatung GmbH", and "STARTEAK GmbH" were the first domestic companies  
11 that were involved in the invoice chain as so-called missing traders, that issued invoices for the  
12 transfer of emission allowances with turnover tax listed therein and that neither filed advance  
13 turnover tax returns nor paid turnover taxes.

14 In accordance with a joint criminal plan pursued by the perpetrators cooperating in a  
15 chain of services, the buffers included within the trade chain served the purpose of concealing  
16 the turnover tax fraud chain. Inconspicuous companies from a tax-related point of view were  
17 usually involved, which - at first sight - complied with their obligations to declare and pay taxes.  
18 The advance turnover tax returns filed by these companies usually stated low turnover taxes  
19 required to be paid as far as their sales and purchase prices were concerned. The buffers sold the  
20 CO2 emission allowances within this fraud chain to companies that in turn, at the end of fraud  
21 chain, exported the emission allowances to other European countries (the so-called distributors).

22 Besides further companies, the companies named "Vektor Energie GmbH", "Roter Stern  
23 GmbH", "Tageslicht Umweltsysteme GmbH", and "Energie Intelligenz GmbH" acted as buffers  
24 within the invoice chain. In this context, the companies named "Tageslicht Umweltsysteme

GmbH" and "Energie Intelligenz GmbH" mainly neither acted as first buffers within the invoice chain - hence directly after the missing traders - nor as final buffers – hence immediately before the distributor - but between the other two buffers. However, the companies named "Vektor Energie GmbH" and "Roter Stern GmbH" acted as the final buffers within the invoice chain and immediately supplied to the distributor.

The distributor - in the present case, almost exclusively DEUTSCHE BANK AG - in turn received from these business transactions apparently legal and high input tax refund claims (without turnover taxes required to be paid) vis-à-vis the tax authorities, and these claims - through the payment of turnover tax to the final buffer before the distributor, were taken and received by the organisers of the trade chain as profits or used for the new acquisition of CO2 emission allowances abroad. Thus, DEUTSCHE BANK AG Frankfurt transferred the CO2 emission allowances acquired from the VAT fraud chains to DEUTSCHE BANK AG London, which in turn sold the allowances to companies with registered offices outside Germany. It was from these sales transactions that DEUTSCHE BANK AG of Frankfurt claimed input tax refunds from the tax authorities of Hessen within the three-digit million range.

Each time the CO2 emission allowances went through the trade chains, the trade chains served no other economic purpose than evading turnover taxes by the participants in the trade chain insofar as the participants in the trade chain unjustly claimed input tax based on the invoices issued to them. The companies "Vektor Energie GmbH", "Roter Stern GmbH", "Tageslicht Umweltsysteme GmbH", and "Energie Intelligenz GmbH" were only formed for this purpose. The present VAT chain fraud in which the companies steered by the accused persons were also involved was identified by Frankfurt, Main regional court - 2nd economic crime division (Landgericht Frankfurt am Main – 2. Wirtschaftsstrafkammer) with final and binding effect.

1 In this connection, the persons charged with the offenses concerned, Gohir, Muhammad,  
2 and Iqbal, were acting as members of a professionally organised and internationally acting gang,  
3 and they were those who were on top of the hierarchy of the gang. As stated above, Gohir was  
4 the boss of the gang and the person in control of and behind the present VAT fraud scheme. He  
5 was the investor, initiator, and co-organiser of the present VAT fraud scheme in which he was  
6 involved with the companies named "Vektor Energie GmbH", "Roter Stern GmbH", "Tageslicht  
7 Umweltsysteme GmbH", and "Energie Intelligenz GmbH".

8 Through his co-defendants Muhammad and Iqbal, Gohir controlled the central office in  
9 Dubai, the so-called "Head Office", from which an organization point of view, consisted of the  
10 companies named "MP Solutions FZE" and "Vision Marketing & Management FZCO"; it was  
11 from there that the entire VAT fraud chain - also along with the four companies mentioned above  
12 - was controlled. Gohir staffed the "head office" with his confidants: his cousin Muhammad, and  
13 Iqbal, and had them do the daily business as agreed with them. In this context, he was informed  
14 of all procedures of relevance and was involved when difficulties occurred.

15 In particular, the company named "MP Solutions FZE" served to feed CO2 emission  
16 allowances in the trade chain to the companies named "Gesellschaften Vektor Energie GmbH",  
17 "Roter Stern GmbH", "Tageslicht Umweltsysteme GmbH", and "Energie Intelligenz GmbH". In  
18 agreement with Gohir, the accused person Muhammad – who also was the managing director of  
19 the company named "MP Solutions FZE" – and the accused person Iqbal controlled the entire  
20 trade volume and the flow of emission allowances within the entire trade chain through the "MP  
21 Solution" company. In an effort to avoid catching the attention of the investigating authorities,  
22 Gohir acted behind the scenes by not having an official position in any of these companies.  
23 However, Gohir made the strategic decisions within the gang, and in individual cases, he  
24 involved himself in the daily business such as, inter alia, in connection with the sentenced person

1 Arfan Khan. For example, he took care of the witness Arfan Khan when opening the company  
2 named "Energie Intelligenz GmbH" and gave the latter instructions several times.

3 Together with Iqbal and Muhammad, Gohir controlled the payment transactions within  
4 the trade chain. In this context, for example, First Bancorp Ltd. with bank accounts in Cyprus  
5 and Hong Kong, Gohir and his co-defendants created a payment platform in an offshore state  
6 where they had access to the funds obtained from the VAT chain fraud, because payments by the  
7 companies involved were usually transferred to the aforementioned offshore accounts of First  
8 Bancorp Ltd.

9 Gohir, acting jointly with Muhammad and Iqbal, also used other persons as gang  
10 members for subordinate activities, such as, inter alia, Mudasser Rafiq aka "Mad", who is  
11 prosecuted separately, and who- acting upon the orders of the aforementioned accused persons-  
12 was to recruit further persons to serve as managing directors of the involved companies in  
13 Germany.

14 The managing directors used by them were taken care of and controlled by "Mad" at the  
15 local level as agreed. The task of the directors, deployed on site of the companies Vektor  
16 Energie GmbH, Tageslicht Umweltsysteme GmbH, Energie Intelligenz GmbH, Roter Stern  
17 GmbH and Better Business Systems GmbH – namely the already convicted individuals Fraz Mir,  
18 Arfan Khan, Ijaz Khan and the separately prosecuted individuals Faisal Ahmad and Umaran  
19 Bashir – was particularly but not exclusively to appear to be a legitimate business vis-à-vis the  
20 German Finance Authorities and to protect the individuals behind the scenes. In reality, the  
21 trading operations in emissions certificates for these companies were actually carried out by  
22 Muhammad and Iqbal - in consultation with Gohir.

23 All emissions certificates acquired during the period of the offenses by Gohir,  
24 Muhammad and Iqbal, originated in this chain of invoices from one of the above specified



missing traders which means that the input tax claimed based on the respective purchase invoices was claimed illegitimately. Due to the fact that the co-defendants were aware of the fact that the companies Vektor Energie GmbH, Roter Stern GmbH, Tageslicht Umweltsysteme GmbH and Energie Intelligenz GmbH were involved in the VAT fraud chains and due to the fact that the co-defendants were well aware of their scheme, they were not allowed to claim input tax based on the purchase invoices received by the companies. The VAT specified in the sales invoices of the respective companies were owed in accordance with section 14c (2) VAT Act [UStG]; this also applies to the VAT amounts resulting from the credit notes received by them.

Specifically, the charges are outlined as follows:

**Vektor Energie GmbH (Counts 1 through 7)**

Between 09 October 2009 and 07 April 2010, Vektor Energie GmbH filed advance VAT returns for the 7 advance return periods from September 2009 until March 2010 and declared a turnover of EUR 306,812,483.00, which is subdivided in the below table, input tax of EUR 57,854,417.81 and a payable VAT amount of EUR 439,957.02. The input tax amounts from invoices for the acquisition of CO<sub>2</sub> certificates from the companies involved in the VAT carousel fraud were falsely claimed. They amounted to at least EUR 46,440,247.01. The accused evaded VAT in this amount by arranging that input tax was falsely claimed in the mentioned amount.

In detail:

Acts/ Advance return period	Date of advance return	Turnover	Input tax	Payable VAT amount	VAT evaded of the involved companies
September 09	09.10.2009	5.087.199,00 €	959.488,65 €	7.079,37 €	718.378,00 €
October 09	10.11.2009	81.875.339,00 €	15.443.770,44 €	112.544,61 €	9.385.910,70 €
November 09	09.12.2009	73.897.749,00 €	13.934.905,41 €	105.667,50 €	10.222.751,50 €
December 09	11.01.2010	43.741.449,00 €	8.249.555,76 €	61.319,98 €	7.076.409,50 €

January 10	09.02.2010	46.477.999,00 €	8.760.756,41 €	70.063,87 € 31.105,23	8.760.756,00 €
February 10	08.03.2010	20.332.499,00 €	3.832.069,89 €	e	3.602.169,00 €
March 10	07.04.2010	35.400.249,00 €	6.673.871,25 €	52.176,46 €	6.673.871,00 €
amount		306.812.483,00 €	57.854.417,81 €	439.957,02 €	46.440.247,01 €

#### Roter Stern GmbH (Counts 8 through 14)

Between 09 October 2009 and 08 April 2010, Roter Stern GmbH filed advance VAT returns for the 7 advance return periods from August 2009 until February 2010 and declared a turnover of EUR 308,301,618.00, which is subdivided in the below table, input tax of EUR 58,390,890.61 and a payable VAT amount of EUR 186,416.81. The input tax amounts from invoices for the acquisition of CO<sub>2</sub> certificates from the companies involved in the VAT carousel fraud were falsely claimed. They amounted to at least EUR 58,390,888.92. The accused evaded VAT in this amount by arranging that input tax was falsely claimed in the mentioned amount.

In detail:

Acts/ Advance return period	Date of advance return	Turnover	Input tax	Payable VAT amount	VAT evaded of the involved companies
August 09	09.11.2009	3.789.023,00 €	714.861,11 €	5.053,26	714.861,00
September 09	09.11.2009	6.927.200,00 € 46.510.045,00	1.306.504,36 €	9.663,64	1.306.504,00 € 8.777.714,00
October 09	03.12.2009	e	8.777.714,24 €	59.194,31	e
November 09	05.01.2010	69.100.250,00 €	13.098.510,42 €	30.537,08	e
December 09	08.02.2010	62.878.600,00 €	11.913.190,28 €	33.743,72	e
January 10	04.03.2010	87.409.000,00 € 31.687.500,00	16.570.386,47 €	37.323,53	16.570.386,00 €
February 10	08.04.2010	e	6.009.723,73 €	10.901,27	6.009.723,00 €
amount		308.301.618,00 €	58.390.890,61 €	186.416,81	58.390.888,92 €

**Energie Intelligenz GmbH (Counts 15 through 19)**

Between 10 November 2009 and 20 April 2010, Energie Intelligenz GmbH filed advance VAT returns for the 5 advance return periods from September 2009 until December 2009 and March 2010 and declared a turnover of EUR 22,443,239.00, which is subdivided in the below table, input tax of EUR 4,258,883.48 and a payable VAT amount of EUR 14,430.47. The input tax amounts from invoices for the acquisition of CO<sub>2</sub> certificates from the companies involved in the VAT carousel fraud were falsely claimed. They amounted to at least EUR 4,258,883.48. The accused evaded VAT in this amount by arranging that input tax was falsely claimed in the amount of EUR 4,604,609.06.

In detail:

Acts/ Advance return period	Date of advance return	Turnover	Input tax	Payable VAT amount	VAT evaded of the involved companies
September 09	10.11.2009	1.941.200,00 €	365.736,13 €	3.091,87 €	365.736,00 €
October 09	12.11.2009	2.118.200,00 €	401.113,35 €	1.344,65 €	401.113,00 €
November 09	04.01.2010	1.032.000,00 €	195.487,48 €	592,52 €	195.487,00 €
December 09	10.03.2010	890.900,00 €	168.968,11 €	302,89 €	168.968,00 €
March 10	20.04.2010	16.460.939,00 €	3.127.578,41 €	9.098,54 €	3.473.305,06 €
amount		22.443.239,00 €	4.258.883,48 €	14.430,47 €	4.604.609,06 €

**Tageslicht Umweltsysteme GmbH (Counts 20 to 26)**

Between 27 October 2009 and 25 February 2010, Tageslicht Umweltsysteme GmbH filed advance VAT returns for the 6 advance return periods from September 2009 until February 2010; for the advance return period of March 2010 it failed to file an advance VAT return although it would have been obligated to do so by 10 April 2010 at the latest as VAT in the amount of EUR 8,543,483 was invoiced to other companies. It declared a turnover totalling EUR 95,650,320, which is subdivided in the below table, input tax totalling EUR 18,692,079.86 and a payable

VAT amount totalling EUR 45,405.53. The input tax amounts from invoices for the acquisition of CO<sub>2</sub> certificates from the companies involved in the VAT carousel fraud were falsely claimed. The accused also failed to file VAT totalling EUR 18,629,511.80, which had been falsely invoiced to other companies, thus evading VAT of at least EUR 27,127,591.44.

In detail:

Acts/ Advance return period	Date of advance return	Turnover	Input tax	Payable VAT amount	VAT evaded of the involved companies	Acts/ Advance return period
September 09	27.10.2009	1.504.200,00 €	282.529,96 €	3.268,04 €	748.752,00 €	745.483,96 €
October 09	11.11.2009	1.957.620,00 €	370.127,31 €	1.820,49 €	479.791,80 €	477.791,31 €
November 09	30.12.2009	14.438.700,00 €	2.735.301,31 €	8.051,69 €	2.743.353,00 €	2.735.301,40 €
December 09	28.01.2010	24.382.350,00 €	5.175.685,50 €	10.599,01 €	4.632.464,50 €	4.622.047,49 €
January 10	28.01.2010	27.240.450,00 €	5.164.305,78 €	11.379,72 €	5.175.685,50 €	5.164.305,78 €
February 10	25.02.2010	26.127.000,00 €	4.964.130,00 €	10.286,58 €	4.849.465,00 €	4.839.178,50 €
March 10	Obligated 10.04.2010	- €	- €	- €	- €	8.543.483,00 €
amount		95.650.320,00 €	18.692.079,8 6 €	45.405,53 €	18.629.511,80 €	27.127.591,44 €

The evidence in the case is comprised of the following:

- Accounting documents of the four aforementioned companies, specifically outgoing invoices, incoming invoices and credit notes in connection with transactions in the emissions trade, and the overviews of the emission trade accounts of Energie Intelligenz GmbH in the German and the Danish Emissions Trading Registry
- confessed statements of Fraz Mir, Arfan Khan, and Ijaz Khan, who have meanwhile

1        been convicted and have implicated Gohir;

2        - Fraz Mir and Arfan Khan have positively identified photographs of Gohir, including

3        Gohir's passport photograph provided to the Department of Justice;

4        - telecommunications interceptions and surveillance measures;

5        - seized Skype communication between the persons accused and other persons who are the  
6        subject of separate proceedings;

7        - statements made by the witnesses Amtsrat Kuschel, Amtsrat Weinelt, and Steueramtman  
8        Evers; and

9        - other extensive investigations and findings of the tax investigation authorities

10       (Steuerfahndung) and the Federal Criminal Police Office (Bundeskriminalamt).

11  
12       7.       The offenses with which Mohammad Safdar Gohir is charged are provided for in article 2  
13       of the extradition treaty cited above;

14       8.       Mohammad Safdar Gohir may be found within the jurisdiction of this court at the Las  
15       Vegas McCarran International Airport;

16       9.       The requesting state has requested that arresting authorities seize all items which may  
17       serve as evidence, including electronic media, found on or about the person of Gohir at the time  
18       of his arrest, or discovered subsequently, pursuant to Article 25 in the treaty;

19       10.      The requesting state has represented that it will submit a formal request for extradition,  
20       supported by the documents specified in the treaty, within the time required under the treaty; and

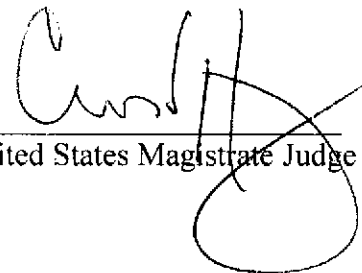
21       11.      Mohammad Safdar Gohir would likely flee if he learned of the existence of a  
22       warrant for his or her arrest.

23       WHEREFORE, the undersigned complainant requests that a warrant for the arrest of the  
24       person named above be issued in accordance with Title 18, United States Code, Section 3184,

1 and the Extradition Treaty between the United States and Germany, and that this complaint and  
2 the warrant be placed under the seal of the court, except as disclosure is needed for its execution,  
3 until such time as the warrant is executed.

4  
5   
6 Assistant United States Attorney

7 Sworn to before me and subscribed in my presence this 4th day of  
8 May, 2014, at 1157.

9  
10   
11 United States Magistrate Judge